

CANADIAN PACIFIC RAILROAD

SCHEMES AND SYNDICATE

OF THE
CANADIAN PACIFIC RAILROAD

FOR THE PURPOSE OF
ACQUIRING THE CANADIAN PACIFIC RAILROAD

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“Qu'est ce que c'est donc que
LES AFFAIRES, Monsieur Giraud?”

“Que voulez-vous, mon ami?—c'est tout simple—C'est L'ARGENT
DES AUTRES.”—*Dumas Fils.*

BY
DIOGENES.

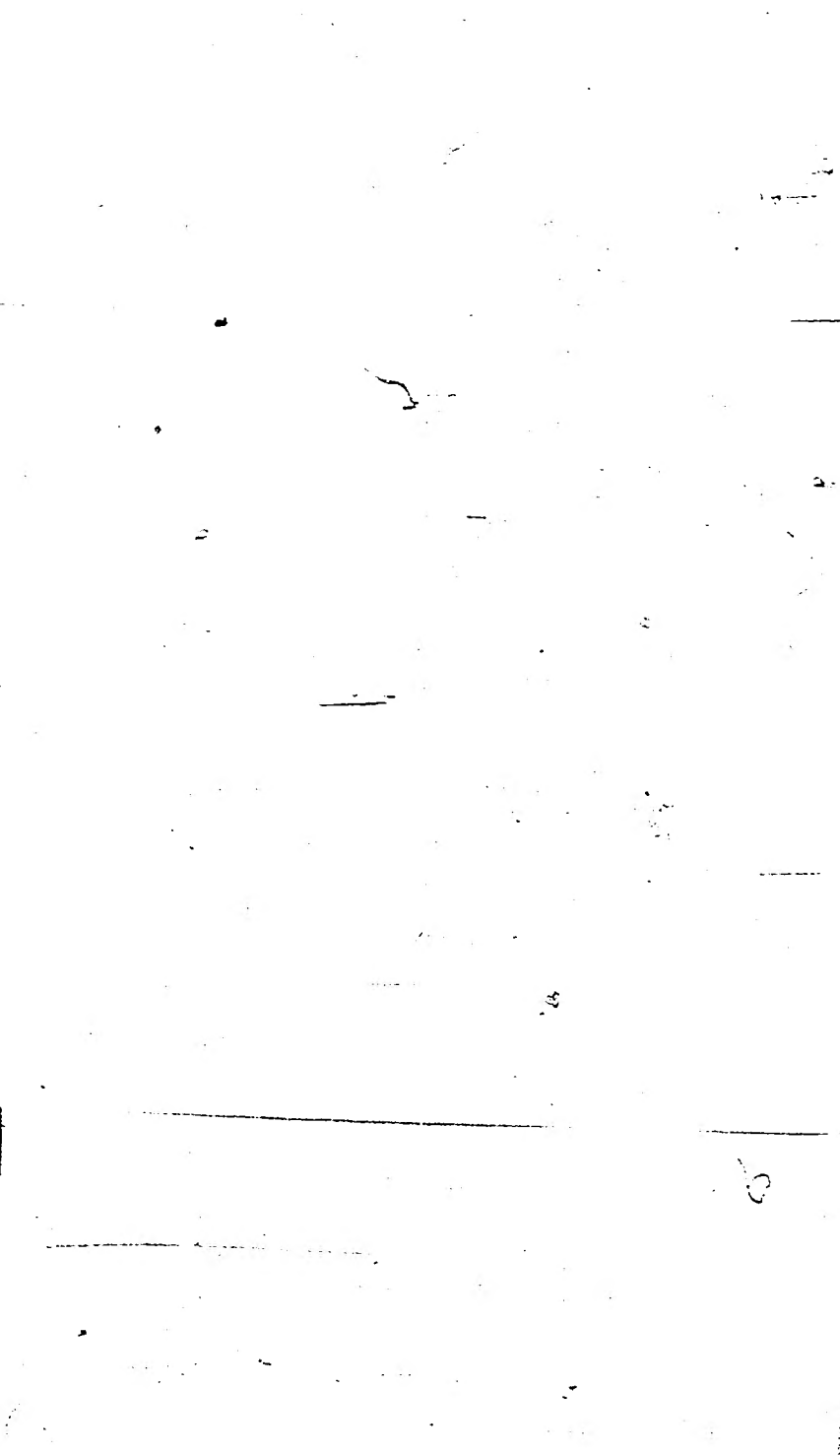
SECOND EDITION.

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1882.



Land Companies are being floated every day, and announcements made of the purchase of millions of acres. The conundrum for the investors in these Companies and in Canadian Pacific Bonds is—How are these Companies to make a profit in dealing in land which they purchase, in the first instance, at fifteen shillings an acre, when the Government of Canada is prepared to sell equally good land, quite as well situated, at five shillings an acre?



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NOTE TO SECOND EDITION.

The issue of the first edition of this Pamphlet has had the effect—desired by the writer—of calling very general attention to the attempts which were about to be made to unload upon investors in this country a mass of securities representing isolated and insolvent railways in Canada. With the view of concealing the real character and value of these securities, it was proposed to consolidate them, under the auspices and patronage of the Canadian Pacific Company, into one competing system from Lake Superior to the Bay of Fundy. It has been denied in some quarters that any object was contemplated, and that the word of warning to English capitalists was consequently unnecessary. If any persons, however, entertain any doubt as to the real intentions of the “Canadian Syndicate,” a perusal of the letter addressed by the Hon. Peter Mitchell to the Joint Committee of St. John, N.B., just to hand, dated Montreal, January 10th, should be sufficient to remove any doubt.

Writing in the interest of the South-Eastern Railway, and of other roads of which he is a director, "as well as authorized by the Canadian Pacific," the Hon. Gentleman not only urges the necessity of completing the proposed route between the Bay and the Riviere du Loup, but expresses a strong opinion that the Dominion Government "ought to give a sufficient subsidy up the gap." Referring to the projected completion with the Grand Trunk, he says—

"It must be clear to any one that if the road to Toronto and west is to compete with the Grand Trunk Railway, we cannot afford to have any existing avenues of outlet closed against us, and while it would get a share of the business, and no one could prevent it, as shippers have the power to direct the distribution of their freight, and so far as our new competing lines with the Grand Trunk Railway are concerned, we receive no subsidy, and ask none; and we cannot be foreclosed from shipping where it will pay best, or where our shippers direct. As to the traffic of the Canadian, this stands somewhat different. If the arrangements I have before outlined and carved out, taking Ottawa as the point of departure, the route over the O., M., O. & O., with a bridge or ferry at or near Quebec, and the gap on your St. John Valley Road built, and the bridge and terminal facilities provided at your city, you might fairly look for a large share of the North-Western traffic. But these things have got to be done if you want to get it; and they will not come to you unless you take steps to force them—and you have the power it you exercise it."

It is simply absurd, in the face of these and many similar statements emanating from official and

"inspired" sources, to doubt the pure interest of the schemes promoted by the "Syndicate" in connection with the Canadian Pacific.

The utter collapse which has just taken place in the securities of the Wabash Company,—a concern which, like that in course of projection in Canada for English and foreign consumption—was made up of a number of more or less insolvent companies, strung together for the purpose of completion—should be, and no doubt will, prove a sufficient warning against the attempts of "Mohawks" and Canadian "Wabashees" upon the credulity of English investors.

(b) NOTE TO SECOND EDITION.

Since the issue of the former edition events have occurred in quick succession, which fully justify the warnings which it was the object of the writer of the following pages to give to English-capitalists. There is now no room for doubt that the Canadian Pacific Syndicate contemplate the construction of various lines in Canada, where, in the opinion of the Chairman of the Great Western Railway of Canada, there are already "too many railways." It is also equally clear that the same parties are engaged in perfecting a scheme for the so-called "consolidation" of a number of unprofitable lines, in order to form a competing line through Canada to the Atlantic. The Legislature of the Province of Quebec has ratified the sale of the western portion of the Ontario and Quebec Railway (which has never yet paid even its working expenses) to the Syndicate; and the tax-payers of the Province who have hitherto had to bear the burden of the capital expended on this work, will, no doubt, be duly grateful to the Syndicate for being relieved of this amount of taxation. In due course English capitalists will be called upon to do for the Syndicate what it has done for the taxpayers of Quebec. We shall then have the usual glowing statements of the anticipated traffic, and the enormous value of this competing scheme of Canadian railways. Warned in time, however, English capitalists will know how much of reliance can be placed on such illusory statements. Investors in Canadian railways cannot be too often warned against a system which must end in further and still more serious depreciation than anything which has yet been experienced. The shortsighted policy of the

Board of the Great Western of Canada was intended to assist the schemes of these Canadian speculators, and enable them ultimately to foist their worthless securities with large profits to themselves, on too-confiding capitalists of this country.

A gigantic land speculation is now on foot, and is being encouraged by the glowing accounts of the land owned by the Canadian Pacific Syndicate. Most exaggerated statements are diligently circulated as to the value of these lands, based on fabulous prices which have been obtained for some "town lots" in the neighbourhood of Winnipeg. It is certain that a violent re-action from this state of things must sooner or later take place, and a great amount of disappointment and loss be experienced by many who have been induced either to purchase land, or settle in these districts. It is a significant fact, that the Canadian Legislature has just rejected a proposal to limit the sales of land to actual settlers. This would have been a just and wise policy, and would have enabled settlement and colonization to keep pace to some extent with the construction of the railway. The rejection of this limitation to the sales of land to actual settlers, will encourage the wildest speculation, as it will permit persons to hold land to any extent, without a corresponding necessity for cultivation.

Persons who are contemplating purchase of lands in this remote region, should remember that, in addition to the Canadian Pacific Syndicate, there are other great territorial owners who have lands to dispose of. The Hudson's Bay Company claim nearly as large a tract as the railway magnates; and its representatives in England in Canada have just issued notice, that "they are entitled to one-twentieth of the lands in the Toronto Belt, estimated at about seven millions of acres, and are now prepared to offer these lands for sale." Most glowing accounts are given of these lands, and purchasers are eagerly invited to buy the Company's plots in Goschen and other places, to which the dignity of "townlands" and "reserves" have been applied. But if the Hudson's Bay Company is entitled to one

twentieth of the land, and if this claim amounts to 7,000,000 of acres, there must be a total of 140,000,000 acres, nineteen-twentieths of which are owned by the Dominion Government, and who, eager to dispose of their national estate, offer their lands at a merely nominal price; anxious rather to attract settlers to the country, than to obtain, as is the case with the Canadian Syndicate, and the Hudson's Bay Company, immediate funds from the sale of their property. Intending settlers in Manitoba and the North-Western regions, should exercise due caution before accepting all the statements made as to the present and prospective value of these lands.

The enormous speculation in land thus encouraged by the syndicate, finds a fitting counterpart in the not less dangerous speculation which is being fostered with respect to the worthless bonds and shares of obscure Canadian roads which, it is hoped, may be tacked on to the Canadian Pacific railway. There are difficulties enough in the way of constructing this great work across an almost unexplored and unpopulated continent, to make prudent investors hesitate before embarking their capital in the undertaking. It is not to the credit, much less to the interest of Canada, that this national work should be associated with a gigantic land and other speculations, and projects for placing masses of worthless securities in this country.



THE CANADIAN PACIFIC RAILROAD, AND THE SCHEMES OF THE SYNDICATE.

It is highly probable that within a short period the British Public may be asked, directly or indirectly, to subscribe the money which is about to be squandered in the construction of the Canadian Pacific railroad ; in acquiring the various lines of railroad having no immediate connection with it, which have been purchased or controlled by the syndicate or its members ; in forming its connection with that unknown region—the country north of Lake Superior ; and in projecting sundry other roads to form an eastern connexion with it on the Bay of Fundy. It is the object of the following pages fairly to consider the question from the monetary point of view, and to place the British Public in possession of some facts which have an important bearing on this colossal enterprise, but which will not, in all probability, form any portion of the plausible statements in the Prospectuses of the promoters.

THE CANADIAN PACIFIC—A POLITICAL IDEA.

For political reasons, which it is not necessary now to discuss, all the British North American colonies have been united into a Confederation, and are now included under the title of the "Dominion of Canada." This Dominion extends from the Atlantic to the Pacific coast, and in-

cludes also the island—as large as the British Isles—called Vancouver's Island, formerly a portion of what was known as "British Columbia." As a condition of union with this distant dependency, it was agreed that a railroad should be constructed, which should unite the eastern and western coasts of this huge territory. Sober Canadians, having an eye to financial as well as to political conditions, began shortly to count the cost at which this confederation had been purchased. They came to the conclusion that they had made a lamentably bad bargain, and that they would have to pay very dearly for the blessings of union with an undeveloped region, some three thousand miles from the westernmost post of Canadian settlement. Political feeling ran high on the question; one ministry after another failed to carry out the great work; and the most powerful administration which had existed in Canada for many years was driven from office as the penalty of attempting to give effect to the engagements which had been so recklessly entered into. A governor-general—the ablest and most eloquent that the colony ever possessed—Lord Dufferin—failed to induce the British Columbians to waive the consideration for which they had entered the union, and accept for it some other modified form of concession. All his arguments were of no avail; like Shylock, the people, and their representatives in the Dominion Parliament, insisted upon the fulfilment of their bond, and even muttered some disloyal threats about allying themselves to the United States, on the other side of the borderline, if the hard conditions of the bargain were not complied with. At length Sir John Macdonald, the same premier who had been ignominiously defeated in his first efforts to carry out the scheme, returned to office; and he has had the courage,—and he may fairly claim all the credit that his audacity deserves,—

to induce the legislature to pass an act which will alienate for ever, in favor of a syndicate of Canadian and American capitalists, 25,000,000 acres of land, and further impose upon the Dominion for all time, the burden of considerably more than \$50,000,000 of debt. If the Canadian people are content to saddle themselves with the burden of this indebtedness for the purpose of constructing an unprofitable and unnecessary railway from the Atlantic to the Pacific, that of course is their business. No *writ de lunatico* can issue from any one member of the comity of nations, to another, and it certainly could not apply to the whole of the population of 4,000,000, for there is a large portion of the people who regard in its true light the effect which this heavy debt, and this continuous liability to maintain an unprofitable road, must impose upon their country. English capitalists, however, who have had long and sore experience of railway investments in Canada, warned in time, may yet save themselves from participating in the loss and the disappointment which, sooner or later, must fall so heavily on the interests and resources of the Canadians.

The origin of this Canadian Pacific project; the difficult position in which successive governments of the Dominion have found themselves in regard to its construction; their unwillingness to complete the work on their own responsibility; and the fruitless attempts which have been made to shift the burden on to some Joint Stock Company; are clearly and candidly set forth in the Preamble of the Act passed in the last session of the Canadian Parliament. This preamble recites—

“WHEREAS by the terms and conditions of the admission of British Columbia into Union with the Dominion of Canada, the Government of the Dominion has assumed the obligation of

causing a Railway to be constructed, connecting the seaboard of British Columbia with the Railway system of Canada ;

"And whereas the Parliament of Canada has repeatedly declared a preference for the construction and operation of such Railway by means of an incorporated Company aided by grants of money and land, rather than by the Government, and certain Statutes have been passed to enable that course to be followed, but the enactments therein contained have not been effectual for that purpose ;

"And whereas certain sections of the said Railway have been constructed by the Government, and others are in course of construction, but the greater portion of the main line thereof has not yet been commenced or placed under contract, and it is necessary for the development of the North-West Territory and for the preservation of the good faith of the Government in the performance of its obligations, that immediate steps should be taken to complete and operate the whole of the said Railway."

The Act contains copy of the Agreement entered into between the Government and a Syndicate, by whom the railway and its connections are to be provided. This Agreement should receive the careful consideration of investors before embarking their money in any scheme to release either of the parties to the contract from the responsibilities which they have undertaken. To some of these it is proposed briefly to refer.

COMPETITION WITH THE CANADA PACIFIC IN THE UNITED STATES.

The construction of Pacific railways in the United States has already furnished some lessons which may be usefully studied by those who may be invited to build the Canadian Pacific. The Union Pacific, and Central Pacific, which, together with lines west of the Mississippi, complete the communication across the American con-

tinent, were works which sorely taxed the resources of American capitalists, and certainly would not have been completed but for the liberal aid afforded by the Government. This combined line has New York, Boston, Philadelphia, Baltimore, and other Atlantic ports for its eastern—and San Francisco, with its vast commercial interests, for its western terminus. The rich Bonanzas and the vast mineral wealth of Colorado and California supply enormous traffic for the railway. Its trains, although laden with the freights of navies from Europe, China, Japan, and Australia; with the rich ores of Nevada, and vast stores of agricultural wealth of the Western States, have only recently commenced to pay interest on the monies advanced by the State towards the cost of the great work. The Northern Pacific has struggled for years against the most adverse conditions. But for the energy which has been shewn during the past twelve months, the charter of the concern would have lapsed, owing to the delay in completing the road. The first attempts to finance the Company brought about the ruin of the most powerful financial house in the United States—one that had been the mainstay of the Government of the country throughout the protracted struggles of the civil war. The causes of the American financial crisis of 1873 were intimately connected with this financing of the Northern Pacific. The work is now at length making fair progress. Its course lies within a short distance of the boundary line between the Dominion and the United States. It is parallel to this work, but still further to the north, that the Canadians are wasting their resources in building their competing route to the Pacific. With a sagacity which does credit to the promoters of the Northern Pacific, they have availed themselves of the facilities afforded by the Oregon Railway

and Navigation Company for reaching the Pacific. They have also been content with making Duluth, on the western extremity of Lake Superior, their terminus, and have not sought, with the Quixotism of the Canadian syndicate, to carry their line through a rocky, unexplored, and inaccessible country such as that which lies to the north of Lake Superior, nor to extend it by entangling alliances with insolvent roads to an unvisited port on the Bay of Fundy. Further than this, the Northern Pacific has thrown off branches, such as that of Casselton, which pass through the fertile lands of Dakota, and open up the resources of Manitoba in the Dominion territory, and the district whence the Canadian Pacific would seek the most profitable portion of its traffic. The Northern Pacific, too, possesses that wondrous region of the Yellowstone, teeming with marvels of nature, which, by order of the legislature of the United States, is decreed to be kept as "a natural park" for all ages, and which must ever prove a source of large and profitable traffic for the railway.

The Canada Pacific, on the other hand, takes its lonely course through the unpeopled Valley of the Saskatchewan, and the district called the "Fertile Belt"; but it can have no extensions northward save in the Arctic regions, and no branch in that direction except to the North Pole; while southward it has its rival in the Northern Pacific of the United States. For six months in the year the road will be an ice-bound, snow-covered route, through districts many hundreds of miles further removed from the great marts of the world, and from the cities and ports served by the railways which traverse in every direction the "Golden north-west" and the "Granaries of the world." The honorable Mr. Blake, one of the public men in Canada who have given a modified support to the

present scheme, says that "about 600 miles on the East and the same on the West—1,200 miles in all, and the whole of which is to be built, will be unremunerative in the working for many years. They will be expensive to work; there will be no traffic, either freight or passengers to pay for working them: and many millions must thus be added to their cost."

But the Canada-Pacific has not only a formidable competitor and rival in the Northern Pacific railway, other American roads put forth their branches to the boundary line and to the much vaunted Red River. Among other railroads hastening to compete for this service, is the St. Paul, Minneapolis, and Manitoba. This road traverses the famous Red River Valley, and connects at the river with 4,000 miles of inland navigation. The St. Paul and Minneapolis also unites with the great system of the Chicago, Milwaukee and St. Paul, which extends its connections from the "Atlantic to Idaho." Thus, in the competition which will take place for the freight and business of Manitoba, the Saskatchewan Valley, and the north-western regions to be traversed by the Canada Pacific, the American roads will prove formidable rivals, and will tap the best portions of the "Fertile Belt" at every convenient point. Freight will not permit itself to be carried the hundreds of desolate miles north of Lake Superior—or across the Lake if the road should not be made, and it is possible that it never will be made—instead of by the shorter railway route to the best markets. Pure feelings of patriotism, such as those which doubtless animate the syndicate of the Canadian-Pacific Railway, will have but little weight with the farmer; and when he has the offer of two routes—one, through the whole length of Canada to the Bay of Fundy, and the other by the shorter line to New York, or other

more frequented ports of the Atlantic, he will act upon the great commercial principle, which dictates the purchase in the cheapest, and the sale in the dearest market, heedless of the fact that by so doing he will divert business from the great Canadian Pacific railroad built exclusively for political objects.

There is yet another route, which appears destined to become a serious competitor with these consolidated non-paying lines, which are to be galvanized into life under the fostering ægis of the Canada Pacific. A project has been set on foot by some very influential parties, and which has been very favourably commented on by the *London Times*, for utilizing the water-way of the Hudson Bay and Straits, in connection with the Canada Pacific. A line of railway built from the port of Churchill, on the west coast of the Hudson Bay, would connect with the Pacific line at Brandon, and provide the shortest possible route between England and the Pacific Coast. There is of course, the obvious objection to this route, that the navigation of the Hudson Bay would be closed for several months of the year, but this objection applies equally to the Canada Pacific railway itself. If the traffic of the road is to be diverted by means of the Hudson Bay route during the best portions of the year when the navigation is open, what possible chance can there be for any substantial amount of traffic drifting down to these consolidated insolvent lines, which it is sought to attach to the Canada Pacific system? This Hudson Bay route is shorter than that to either Montreal or New York, and the port of Churchill, instead of being on the Atlantic coast or the St. Lawrence, is in the very heart of the American continent. In the Appendix will be found the remarks of the *Times* on this "New Route from Europe to the Interior of North America," by the Hudson Bay.

COMPETITION OF THE CANADIAN PACIFIC WITH EXISTING RAILWAYS OF CANADA.

In addition to the actual cost of the Canadian Pacific itself, the public are to be asked to provide a further sum, stated nominally at 50,000,000 dollars, in order to give to this "pet" scheme of the Government an outlet on the comparatively unknown waters of the Bay of Fundy. According to the Canadian Pacific Railway Act, the Company has not only the power to purchase or lease the Canada Central, with which it connects at Callander, but may also purchase and acquire and hold and operate "a line or lines of railway from the City of Ottawa to any point at navigable water on the Atlantic Seaboard, or to any intermediate point, or may secure running powers over any railway now constructed between Ottawa and any such point or intermediate points." Never before were such extensive powers granted to any corporation, except perhaps in the case of John Law and his famous Mississippi scheme, which handed over to him the control of the finances of France, and the destinies of the greater portion of the American continent. To do them justice, the syndicate of the Canada Pacific have lost no time in availing themselves of their great privileges. Mr. George Stephen and Mr. Duncan M'Intyre, President and Vice-President of the Canadian Pacific, have just been elected Directors of "the Atlantic and Western Railway," which is to be incorporated as one of the links in the proposed chain of competitive Canadian railways. This section of the system, with a title so vastly out of proportion to its diminutive length, which claims the "Atlantic" and the "West" for its termini, will certainly prove as prolific in its disappointments as the American line, whose title it has so closely appropriated. The

Company with this pretentious title really propose to make a junction at Perth with the Canada Central, which does not pay, and never has paid, a cent of dividend. It will also make a junction with a new line between Montreal and Toronto, which is to be recommended to investors on the ground—save the mark!—of being a competing line with the Grand Trunk of Canada. Pleasant prospect this, certainly, for investors! a railway of 1400 miles in length, which last year earned $\frac{1}{2}$ per cent. upon seven millions of its third preference stock, is in future to divide its traffic with this proposed Atlantic and Western. This is one of the lines which is to be made an appendage of the Canadian Pacific, and submitted, under the auspices of a President and Vice-President of the Canadian Pacific, to those English investors who have already had such bitter experience of Canadian railway investments.

It is not pleasant to find the liberal promises held out to the capitalists of this country, in order to induce them to subscribe the money for building the Grand Trunk of Canada, have been so utterly falsified by results; but it adds insult to injury when we find the promoters of these rival lines, characterising those who have done so much to develop the wealth and resources of Canada,—and who have received no return themselves,—as “monopolists,” and as utterly disregarding the interests of Canada. This is the style in which the “Honorable P. Mitchell” speaks to an interviewer of the *Toronto Globe* with regard to the Grand Trunk Railway, the proprietors of which have just secured for Canada the advantage which they have never before possessed, and which for years they had been desirous of obtaining, viz., an independent route to Chicago, and a connection with it and the Canadian system of railways. “There is” he complains, “no outlet from

Chicago to Montreal, except over the Grand Trunk, and that Company consequently holds a monopoly of the trade, making whatever routes and tariffs it suits themselves, and *defying public criticism.*" This may be language suited to the petty notions, and provincial jealousies of the section of the Canadian people to whom it is addressed, but it is not calculated to re-assure or encourage capitalists to provide further funds to enable a syndicate of speculators in Canada to foist off the worthless bonds and shares of a set of railways, made or to be made avowedly for the purpose of depriving the Grand Trunk of the advantages which its enterprise and foresight have secured for the Dominion of Canada, though at present with small beneficiary result to its proprietors.

The promoters of this wholesale scheme of competition are never weary of stating that *not a dollar of this money* will be asked for in England. There ought not to be much chance of their obtaining any large amounts in the United States, for the purpose of helping forward a competing scheme to their own Northern, or Union Pacific, or to their lines connecting with New York, Boston, or other Atlantic ports. It is not more probable that English investors, even if they were offered the opportunity of sharing in this magnificent scheme, would be very ready to find capital for lines competing with the Great Western, Grand Trunk, and other lines, which have hitherto proved so barren of results to the unfortunate proprietors. English investors have abundant and very sad experience of the unprofitable nature of investments in Canadian railways, including even those which, like the Grand Trunk, were brought forward under the auspices and sanction of the Government, and with a dishonoured guarantee against future competition. The last

report on the Railway Companies of Canada, prepared by Mr. Brydges, contained some very curious facts, which should be carefully studied whenever the Canadian syndicate, induced by a feeling of generosity, or other more prudential reasons, should re-consider their decision, and graciously permit English capitalists to come in aid of their gigantic speculation.

CANADIAN RAILWAYS AS INVESTMENTS.

It appears from Mr. Brydges' official report, that at the end of the year 1878, there were 7,905 miles of railway completed, or in course of construction, in Canada. The capital expended on these railways was 369,617,186 dollars. Of this sum, 275,042,705 dollars was provided by shareholders, almost exclusively English. The Dominion and Provincial Governments subscribed 85,574,481 dollars. The gross revenue from the whole of the railways was 20,520,078 dollars. The working expenses amounted to 16,100,102 dollars. The profit on working was 4,419,975 dollars, equal to about $1\frac{1}{4}$ per cent. upon the money invested. Of the capital sunk in these unprofitable railways, not less than 122,000,000 dollars was in the shape of ordinary stock, upon which, with some trifling exceptions in the case of the Great Western, not one dollar of dividend had ever been paid. It is in order to compete with such a system as this, that a further sum of 50,000,000 dollars is to be asked for by the speculative syndicate who have formed the magnificent design of ignoring all past expenditure in the Inter-colonial railway to Quebec and Halifax, guaranteed jointly by the Dominion and by the English Governments,—and the millions already expended in Canada itself,—to bring the Canada Pacific Railway to the desolate shores of New Brunswick.

It is scarcely credible that the promoters of a great national undertaking, such as that of the Canada Pacific—a work full of difficulties, and which it is certain cannot—if it should ever be completed—pay its working expenses, should further encumber themselves with the burthen of providing a system of railways which will compete with those already existing in Canada, and upon the capital of which only a nominal profit is earned. It is not always safe to place implicit reliance upon statements made to, or repeated by, the professional "Interviewers" of the Press. A recent number of the *Toronto Globe* however, contained what appears from internal evidence to be an accurate account of a conversation between "the special correspondent" of that journal, and the Hon. P. Mitchell, already referred to, on the subject of the Quebec and Ontario road, one of the links in this new chain of competing Canadian lines. Mr. Mitchell, speaking of this, is reported to have said, "The road will be built; and for its building I may say to you, the C. P. (Canada Pacific) syndicate are to be thanked, for the President and Vice-President of that Company gave life and energy to the scheme." The fact is, that there is a number of more or less incomplete railways in Canada, some which exist only in the form of charters granted to enterprising promoters, or political supporters of the Government, by the construction of which large profits may be made. The shares and bonds of these unnecessary Railways, it is hoped to unload upon the British public, and under the pretence of their forming portions of a great national work, obtain from a confiding public the capital required for their construction. Among the lines which it is proposed to introduce into this "happy family" of non-dividend or incomplete railways, is the Canada Central, the western extremity of which—at Callander—is to

be the starting-point of the great Canadian Pacific. It is not encouraging to find that this westernmost limit of the Canada Railway system, which is to be tacked on to the great national line, earned, during the last year, according to "Poor's Manual," a net revenue of 82,000 dollars, representing rather less than one-quarter of a dollar per cent. per annum on its capital. The Canada Central, however, is only one of the unprofitable railways, which are to be worked up into the eastern connections of the Canada Pacific. A line connecting Quebec and Montreal, towards the construction of which ten million of dollars has been provided by the Provincial Government of Quebec, is sought to be tacked on to the system.

The Inter-Colonial Railway of 714 miles in length, which has Halifax for its Atlantic port, was built under the joint guarantee of the Imperial and Dominion Governments. The cost was 36,000,000 dollars. Of the value of investments in railways in the eastern portions of Canada, a good notion may be formed from the fact that the gross receipts from this Inter-Colonial railway of 714 miles in length were 1,204,000 dollars; the cost of working, 2,032,000 dollars, leaving a deficit for the year of 737,000 dollars! It is through such a country as this, yielding traffic of 1,720 dollars per mile, per annum, and entailing a loss of 1,000 dollars per mile in carrying it, that it is now proposed to take up, complete, and amalgamate other lines, in order to make a terminus in the Bay of Fundy for the Canadian Pacific. With singular inconsistency, the promoters of this astounding scheme, while professing to provide for a trans-continental railway entirely within British territory, are proposing to reach St. John's partly by railways, at present disconnected, running across the State of Maine, and consequently in the United States territory.

It is proposed, while professing to provide an outlet for the business of the Canada Pacific at St. John's, further to consolidate a number of other unfinished lines into a system which will compete with existing railways to Boston and New York. Consolidation is the order of the day among American railway financiers, and there are in the State of New York, as in Canada, a number of roads which, from their hopelessly involved condition, may occupy a place in the same category as the Canada Central and its connections already referred to. These also are to be brought into the great scheme fostered and encouraged by the syndicate of the Canadian Pacific. A ferry is to be provided at Brocksville to cross the St. Lawrence, and deliver the traffic of the Canadian Pacific to this American system. It is even suggested, and plans have, it is said, been prepared, for building a second bridge across the river St. Lawrence, in competition with the existing Victoria Bridge at Montreal. English capitalists know, to their cost, that there are already, besides the Canada Southern, two lines of railway which give direct communication east and west between the lakes Huron and Erie, which pass through all the settled and cultivated portions of the Dominion to Montreal and Quebec, and provide communications, the one at Buffalo, *viâ* the International Bridge, and the other *viâ* the Suspension Bridge with the American lines to New York, Boston, and the Atlantic ports. One of these, the Great Western of Canada, has just paid a dividend of $\frac{2}{6}$ per share, being at the rate of $1\frac{1}{4}$ per cent. per annum! The other, the Grand Trunk of Canada, paid last year $\frac{1}{2}$, or 10/- per cent. on its Third Preference Stock, leaving £250,000 unprovided for on this stock, and about £15,000,000 ordinary and government stock in all but hopeless expectancy of future dividend. For several years

past the Great Western of Canada paid no dividend on its ordinary stock, none on its preference, and was unable to provide for the full interest on its debenture stock. In consequence of the greatly increased activity in business last year, the Grand Trunk was enabled for the first time in its history to pay a full year's dividend out of earnings on any of its preference stocks, though at the time when the British public were invited to subscribe the capital, it was proved to demonstration by the then agents of the Government that the earnings would be sufficient to pay 11 per cent. on the ordinary stock of the Company.

It is most important that English investors should bear these facts in mind when they are appealed to, as they will shortly be, to provide the money, not only for the Canada Pacific Railway itself, but, in addition, to take off the hands of the astute Canadian and American syndicate, the bonds of a number of non-dividend-paying lines. Even when consolidated into one system, the shareholders can at best obtain but a portion of the existing business of the country the whole of which pays only 1½ per cent. on the 360,000,000 dollars already invested in the railways of the Dominion of Canada.

AGGRESSIVE CHARACTER OF THE CANADIAN PACIFIC.

The promoters of the Canada Pacific have thus, it will be seen, much more ambitious aims than those included in the title of their Company. The Union Pacific, and Central Pacific, which together form one united route, are really only a link in the great Trans-continental line. The promoters of this road had the good sense to utilize the railways which already existed between the Atlantic coast, and Omaha, west of the Mississippi. The Northern Pacific also is about to make its *point de départ* at Duluth, on the western extremity of Lake Superior. The Pacific

lines in the southern portion of the States also start from points considerably west of the Mississippi. The Canadian Pacific, however, ignores or attacks all existing railways. There are eight thousand miles of railway already in operation in Canada, or about a mile of Railway to every 500 inhabitants. The Western, the Northern, the Midland, and the Grand Trunk,—to say nothing of the costly work of the Inter-colonial,—to the unprofitable character of which reference has already been made,—might have been brought into co-operation for the purpose of carrying the business of the Canadian Pacific to existing ports on the St. Lawrence, or Halifax, and to other places within the territory of the Dominion. This, however, does not satisfy the vast ideas of the “syndicate,” nor give them sufficient scope for their designs on the resources of the British capitalist. Nothing will content them short of a line of railway complete from the Bay of Fundy,—where ports of commerce have still to be created,—to the extreme and lonely western shores on the Pacific. There is to be no mistake in the matter. The Dominion Government has agreed, as a condition of confederation, that British Columbia shall have railway communication with the eastern portion of the Dominion, of which they form an integral part. Their liberality in this respect is boundless. After years of delay and uncertainty, after negotiating in vain with the British Columbians in the hope of being permitted to abandon their costly and unprofitable work, and substituting for it something less ruinous to the finances of the country, they have now decided not merely to give a railway to connect with Canada, but with a nobleness of generosity, which could only have been created by a conviction of the gullibility of English capitalists, they are to connect this hopeless system of railways running *through* Canada, through the

State of Maine and New Brunswick to the extreme verge of territory, and to a point at which the waves of the Atlantic will say—"thus far shalt thou come, and no farther."

If the Government of the Dominion and its wealthy and enterprising people desire to indulge in this fancy for a real Atlantic and Pacific railway, there is no theoretical reason why they should not be indulged in this matter. There are, however, some practical considerations which the Government of Canada in general, and the capitalists in particular, who may be appealed to in this and other countries, should take to heart before committing themselves to such a wholly unnecessary, and to all appearance, a ruinous expenditure of capital.

THE COST OF THE CANADIAN PACIFIC RAILWAY:— THE SUBSIDIES.

The Railway is to be constructed in five sections, having together a total length of 2750 miles. Over the whole of the territory through which the road is proposed to run, there is not, with the exception of Winnipeg, a single town, or city, or settlement of any importance. No intimation has yet been given of the existence of any deposit of the precious metals, or of other sources of mineral wealth, such as those on the line of the Union Pacific. The section of 650 miles between the proposed junction at Callander with the Canada Central and Thunder Bay, is a perfect blank, even on the maps of Canada, and all that is known of this region is, that it would be impossible to construct this one section of the Railway for the whole cash subsidy provided by the Canadian Government for the entire scheme, including 2,750 miles, at 25,000 dollars per mile. The district north of Lake Superior may be regarded as wholly and absolutely unfitted for agricultural settlements, or for railway construction or working.

Between Selkirk and Kamloops, which forms the third or middle section of the line, lies the "Fertile Belt," of which such glowing accounts have been published, and portions of which may undoubtedly be regarded as equal to the best wheat-growing lands on the American Continent. This section is 1350 miles in length, and it is on a portion of it that the road is now being constructed, with the marvellous rapidity and superficial economy so often witnessed over the extending plains and prairie lands of America. Of this section, two-thirds, or 900 miles are to be paid for with a grant of 12,500 acres per mile, representing, at one dollar per acre, £2,500, and a cash subsidy of 10,000 dollars, or £2,000, making together £4,500 per mile. The average cost of all the railways of Canada, according to Mr. Brydges' Official Report, was 45,995 dollars, or rather more than double that which is assigned for the construction of this most favourable section of the Pacific Railway. There are, however, 450 miles of this central section west of Selkirk, which is confessedly of a more difficult character, and it includes the very serious matter of crossing the Rocky Mountains by a route which has not been finally fixed upon, and for which cash payment is to be made at the rate of 15,333 dollars per mile, supplemented by the grant of 16,666 acres per mile. This brings up the total cost of the section—assessing the land at one dollar per acre—to £6,400 per mile, or about two-thirds only of the average cost of the railways of Canada. With respect to the eastern section, from Callander on the Canada Central, to Thunder Bay, a distance of 650 miles, the subsidy is to consist of 15,384 dollars, and 9,615 acres of land per mile. These together are equal to about £5,000 per mile. The cost of the "Canada Central," with which the Canada Pacific is proposed to be connected, was over

22,500 dollars per mile, while this "Eastern section" which is to be continued to a junction with the Thunder Bay Branch by the north of Lake Superior, under, as already stated, engineering difficulties of the most formidable character, is to be built for £5,000 per mile! It is a country forcibly described to the Governor-General during his recent tour as "eight months' snow and four months' mosquitoes." Few travellers have ever visited the country, and those who have done so give most discouraging accounts of its physical condition. There are one or two trading posts of the Hudson's Bay Company, and one or two lead mines, but even these are some hundreds of miles south of the route which this section of the Pacific road is expected to take.

The Government have already expended upon the sections of the Pacific route,—as appears from an official return presented to the Parliament of Canada,—a total of \$18,602,402. The estimated total cost of the portions taken in hand by the Government is \$28,000,000. These portions, when completed, will be conveyed by the Government to the Company, and will become its absolute property. The total subsidy given by the Government, as stated in the Canadian Pacific Railway Act, is as follows:—

CENTRAL SECTION.

Assumed at 1,350 miles:—

1st, 900 miles, at \$10,000 per mile	...	\$9,000,000
2nd, 450 " " \$1,3333 " "	...	\$6,000,000
Total	<u>\$15,000,000</u>

EASTERN SECTION.

Assumed at 650 miles:—

Subsidy, equal to \$15,384 per mile	...	\$10,000,000
Total	<u>\$25,000,000</u>

The Subsidy in land is divided and appropriated, as follows:—

CENTRAL SECTION.

1st, 900 miles, at 12,500 Acres per mile ...	11,250,000
2nd, 450 " " 16,666 " " " ...	7,500,000

EASTERN SECTION.

Assumed at 650 miles:—Subsidy,	}	6,250,000
equal to 9,615 Acres per mile,		

Total Acres 25,000,000

The portions already taken in hand by the Government include—Section 2nd, a length of 450 miles, and lying between Thunder Bay and Selkirk; Section 4, of 215 miles, between Kamloops and Port Moody on the Pacific side; and the Pembina Branch of 85 miles; making together 750 miles. As the Government estimate for constructing these three sections of 750 miles is \$28,000,000—and \$18,000,000 have already been expended on the work—it is difficult to understand how, with a cash subsidy of \$25,000,000, even supplemented by the land grants, it will be possible for the Canadian Pacific Company to construct and equip the 2,000 miles they have taken in hand, or nearly three times the length of the sections in course of construction by the Government. The sections to be built by the Company, moreover, include the most difficult portions of the route—the region north of Lake Supérieur, and the passage of the Rocky Mountains. Taking the lands as realizing a net \$25,000,000, and the entire amount of cash subsidy of the Government, it represents only \$25,000, or £5,000 per mile; while the easier portions in course of construction by the Government, have already cost as large a sum as this, and require a further estimated expenditure of \$10,000,000. Every

mile of the railway made by the Government will cost 50 per cent. more than the subsidy for which the Company have undertaken to build their share of 2,000 miles of this railway. Of course the work will not be completed for the money: and, as in many similar instances, the contractors will endeavour to unload the responsibilities which they have undertaken, upon third parties, if they can induce them to provide funds for the work which they have so lightly taken in hand.

Great Britain has been said by a great writer to contain a population of 30,000,000,—“mostly fools,” but we hardly think they will afford such justification for the inappropriate and inconsiderate epithet, as would be furnished by subscription to the land schemes, or railway schemes, or other schemes of the Canadian Pacific Railway.

THE LAND GRANTS—WHAT IS THEIR PRACTICAL VALUE?

In the appeal which is about to be made to the British public, great reliance will no doubt be placed upon the value of the land-grants which the Canadian-Pacific have secured. A grant of 25,000,000 acres of land is a very substantial addition to the money subsidy of an equal number of dollars. Ultimately, these lands must prove of great value. But in the present day there is a growing indisposition to invest capital for posterity. It is a matter of vital importance as bearing on the future of this Canadian-Pacific Railway, to ascertain what are the prospects of realization within a reasonable time even at the estimated value of one dollar per acre. Of these twenty-five millions of acres a very large proportion must necessarily be of little value. But even if all were as good, and as rich, and as fertile as that

of the Red River or the Saskatchewan, it must be many years before purchasers can be found for the vast area. What chance can there be of sales of these lands where the Government of Canada offer "free grants" of 160 acres, and a pre-emption of 160 acres to each settler on the line of this Canadian Pacific railway? This *free-grant* land is of precisely the same quality, and exists under the same conditions, as that which is granted to the Company. The land is allotted in alternate sections; on one half of these it is given gratis to settlers, by the Government, on the other it is owned by the Company, who profess to believe they can realize more than £5,000,000 sterling by its sale. But not only is there this competition in the land market on these unequal terms between the Government and the Railway Company, but there are other large proprietors who are also in the land market offering their lots at temptingly low rates. The Hudson Bay Company claims to own its millions of acres, and Mr. Brydges, an enterprising gentleman, well known to the shareholders of the Grand Trunk and Great Western Railways, is actively employed in attracting customers to the plots which his Company also shares with the Dominion of Canada in all newly surveyed districts. Then, too, there are scores of Railway Companies in the United States which have their land-grants to which they are anxious to attract settlers, and the merits of which they "puff" with all the energy of rival showmen at a fair, and with all the glowing eulogiums of the famous George Robins. The Northern Pacific has grants rivalling in extent those of its competitor over the border, and from the boldness of assertion, and the persistency of the statements of the various American railway companies, it might be supposed that these lands were

equalled only in beauty and fertility by the Garden of Eden. The St. Paul and Minneapolis, for instance, announce in their official publications that they have some millions of "the most valuable lands in the entire north-west." They declare that "the soil is the richest; deepest black loam in the north-west, adapted to the production of any crop that grows;" and their lands offer a selection of "wood, water, and soil, such as no other Company can give." Other Companies put forth with equal confidence the wondrous qualities and rich fertility of their lands, and in almost all cases they have this great advantage over the Canadian-Pacific, in the fact that their lands are nearer by some hundreds of miles to the markets and ports where the produce of the soil must be consigned for sale or shipment. The lands of the Canadian Pacific Company thus come into competition under circumstances most unfavourable to their sale or development.

IMMIGRATION AND COLONIZATION—WHAT ARE THEIR PROSPECTS?

It is unfortunate for the prospects of settlement in these far distant lands, that the great tide of emigration tends to the United States rather than to Canada. It is matter of regret, no doubt, that this should be the case—Canada certainly possesses all the conditions which should attract emigrants from Europe; but the fact remains that of the many thousands who cross the Atlantic to find new homes, by far the great majority settle in the United States. Of those persons who during the past few years have settled in Manitoba and the Red River, a very large proportion were resident in the Dominion, and they have simply changed their residence from other parts—principally the Eastern section—to the

more distant West. There has been no such actual addition made to the population, and consequent resources of Canada, as in the case of the United States. It is difficult to see what inducements stronger than those already offered by the Dominion Government, can be presented to the notice of emigrants and settlers from the old country. Grants of land are offered to settlers, on the simple condition that they shall cultivate the land. The Canadian Pacific is not only thus underbid in this matter of price of its land, in its own country, but its labours, as already stated, under the difficulty that its lands are located at a greater distance from markets where its produce can be disposed of, than those owned by more fortunate competitors.

The largest recorded number of emigrants into Canada in one year fell short of 100,000. Even assuming that this number should be continued for the ten years in which the Pacific railway is proposed to be constructed; and further that all these emigrants should select these distant portions of the Dominion as their place of settlement; it would represent a population wholly inadequate to provide profitable business for 3000 miles of railway, or even a nominal return upon the 53,000,000 dollars of capital—exclusive of the proceeds of the land sales—which is the present estimated cost of this huge undertaking. A by no means unimportant item in the expenditure connected with this work, must be that which is made up of the cost of attracting such of the emigrants from Europe as may be persuaded to settle on the land of the railway company, rather than those in the other great wheat-producing region of Minnesota, Dakota, and others of the western and north-western States of America. The question of the possibility, or otherwise of the sale of the land granted to the company, becomes one of first im-

portance when it is considered that the railway cannot by any possibility be completed for the amount of the cash subsidy of the Government. Some blocks of land lying near to existing settlements, or in the vicinity of completed railways, have it is said, been purchased by land speculators. The great bulk of the land, far away to the rocky mountains and on the Pacific Range, can however afford no valid security for the loans which will require to be raised upon their security. With regard to this portion of the line, the Government engineer has reported that about "515 miles are wholly unsuceptible of cultivation and settlement, and there remained but 95 miles which was cultivable, being about the area of an ordinary county in the Province of Ontario."

* *Vide speech of The Honourable EDWARD BLAKE, at Bowmanville October 21st.*

APPENDIX.

THE NEW ROUTE FROM EUROPE TO THE INTERIOR OF NORTH AMERICA.

"To the student of the map of the Dominion of Canada the most conspicuous feature which presents itself is the great inland sea of Hudson's Bay, which is about 1,000 miles long and has an area of 500,000 square miles. Part of the vast region draining itself into the bay is barren, but there are immense tracts of land, especially to the west, with a very fertile soil and a climate suitable to the growth of all kinds of cereals and root crops. On this side, the Nelson, which has a course of about 500 miles, is the longest of all the rivers which flow into the bay, the second in point of importance being the Churchill. Hudson's Strait, by which the bay is connected with the Atlantic Ocean, varies in breadth from 45 to 100 miles, and the chief danger to be apprehended in passing through it is the stream of ice which floats by the entrance at certain seasons of the year. It is this difficulty in the way of the navigation of those waters which constitutes the chief obstacle to the establishment of the route *via* Hudson's Bay to the North-West of Canada, for which the Nelson Valley Railway and Transportation Company of Montreal obtained a charter from the Canadian Parliament in the spring of last year. This charter gives the Company power to construct a railway from Churchill Harbour, which is situate at a central point on the western coast of Hudson's Bay, to the foot of Lake Winnipeg, with a branch southward to connect the proposed route with the Canadian Pacific Railway. The route has the great advantage of being the shortest and most direct from Liverpool to the North-West Territories of Canada, the distance by it from Liverpool to Churchill Harbour being only about 2,926 miles, while to Montreal *via* Cape Race it is 2,990 miles, and to New York *via* Cape Clear 3,040 miles, showing a difference in favour of the Hudson's Bay route as compared with the Montreal of 64 miles, and with that *via* New York of 114 miles.

The claims of Churchill Harbour to notice on this and other grounds seem to have attracted the attention of General Sir H. Lefroy, who is a

well-known authority on matters relating to the Dominion, and who, speaking in his capacity of President of the Geographical Section of the British Association at Swansea last year, referred to Churchill as destined to become the future shipping port for the agricultural products of the vast North-West Territory and the route by which immigrants would enter the country. Those who take a similar view and are interested in the success of the new route, have naturally sought to place its advantages in the most favourable light before the public, whose attention is invited to the resources of Hudson's Bay itself and of the country by which it is immediately surrounded. The trade in furs, which has hitherto constituted the principal business in that part of the world, is duly adverted to, while its fish and mineral resources are spoken of as being large and important. But it is on the great advantage likely to result from the establishment of a seaport in the very heart of the country, more than 1,500 miles nearer than Quebec to the centre of the North-West Territory, that stress is chiefly laid. Churchill Harbour, it is pointed out, is only 400 miles from the edge of the greatest wheatfield in the world, or not so far as from Quebec to Toronto. The lands, it is added, of the North West capable of supporting an agricultural population, exceed 200,000,000 acres in extent. This is the country which Lord Lorne has recently traversed, and of which the Correspondent of *The Times*, who accompanied the Governor-General, has written such interesting descriptions. It is hoped that the heavy freight, not only of this vast region, but of portions of the United States to the south of it would find its way by the proposed route to the markets of the world. In justification of this, mention is made of the fact that the distance of the central part of the agricultural lands of the North-West Territory to Churchill Harbour is about the same as to the city of Winnipeg, and that as the sea voyage from the former place to Liverpool is rather shorter than from Montreal to Liverpool, the whole distance from Winnipeg to Montreal—which by way of Lake Superior is 1,291 miles and by way of Chicago 1,698 miles—would be saved by the adoption of the Hudson Bay route, so that a consignment of grain or beef sent from the Saskatchewan or Peace River districts by way of Churchill might reach Liverpool as soon as it could arrive in Montreal if sent by the St. Lawrence route."—*The Times*, Oct. 27th.

THE FOLLOWING APPEARED IN THE "STANDARD."
OF THE 23rd NOVEMBER, 1881.

The *New York World* says Professor Henry Joule Hind, who is known in connection with the Halifax Awards and with the science of statistics, has published in Canada a letter addressed to the Colonial Secretary (Lord Kimberley), in which he asserts that agents of the Dominion have deceived immigrants to the North-west Territories by false statements regarding the fertility of the land, the climate, the railways, &c. Professor Hind charges a prominent member of Mr. Gladstone's Cabinet and one of Lord Beaconsfield's Ministers with being parties to the fraud, through their connection with a great corporation. The *World* adds that the manager of the bubble, by liberally paying the expenses of the correspondents accompanying the Marquess of Lorne, induced them to aid in the process of inflation. The *World* editorially remarks that such falsifications are atrocious and innumerable; and of all the humbugs devised by the Dominion for the enticement of immigrants this has been the most colossal, impudent and cruel. Professor Hind has long protested directly to the Dominion authorities, and not receiving any attention from them, he has taken this course. The text of his letter is not yet to hand.